REPORT

OF THE

HEALTH SERVICES COMMISSION

OF

Prince Edward Island

FOR THE YEAR ENDED MARCH 31, 1982

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HEALTH SERVICES COMMISSION OF P.E.I.

Mrs. Lucille Hogg
Chairman
Mr. J. Brendon McGinn
Executive Director

COMMISSIONERS:
Bennett Carr, Vice-Chairman
Ronald D. Drysdale, M.D.
Kent Ellis, M.D.
Alden Weeks
Jack MacNeill (November 1981)
Claude Paynter (November 1981)

April 1, 1982

Honourable Albert A. Fogarty
Minister of Health & Social Services
Province of Prince Edward Island
Charlottetown, P.E.I.

Honourable Minister:

In accordance with Section 8(1) of the Health Services Payment Act, I have the honour to present the report of the Health Services Commission on its operation to March 31, 1982.

Respectfully submitted,

MRS. LUCILLE HOGG
Chairman
HEALTH SERVICES COMMISSION
OF PRINCE EDWARD ISLAND

REPORT OF THE EXECUTIVE DIRECTOR
J. BRENDON MCGINN, B. COMM.

INTRODUCTION:

The Health Services Commission of Prince Edward Island administers a plan of health care for the people of Prince Edward Island according to the provisions of the Health Services Payment Act and other relevant legislation. The Plan provides financing for the payment of claims for basic health services provided to entitled persons under the Health Services Payment Act of Prince Edward Island. The Plan became effective on '70-12-01.

All except three physicians in practice in the province are participating in the Plan and are paid according to an agreed Tariff of Fees. The opted-out physicians charge and collect from their patients according to their own fees. These patients are subsequently reimbursed by the Commission at rates determined by the established Tariff of Fees.

ADMINISTRATION:

The Plan is administered by the Health Services Commission consisting of seven members appointed by the Lieutenant-Governor-in-Council. Two of the Commissioners are appointed from a slate of names provided by the Prince Edward Island Medical Society.

Commissioners serving during the year were: Mrs. Lucille Hogg, Chairman; Mr. Bennett Carr, Vice-Chairman; Ronald D. Drysdale, M.D.; Kent Ellis, M.D.; Mr. Alden Weeks; Mr. Jack MacNeill; Mr. Claude Paynter. Dr. L. E. Prowse resigned as a Commissioner in September 1981 and was replaced by Mr. Claude Paynter. Also, Mr. A. A. Fraser resigned in June of 1981 and was replaced by Mr. Jack MacNeill.

The administration of the Health Services Plan and the Hospital Services Plan are combined though policy is determined by the two Commissions within the terms of reference of their separate Acts. Co-ordination between the Commissions was provided through membership of the Chairman of the Hospital Services Commission on the Health Services Commission. Routine administration of the Plan is carried out through a Division of Claims and a Division of Finance, each responsible to the Commission through the Executive Director. Medical problems relating to the operation of the Plan are considered by a Medical Advisor who may seek advice from a Medical Advisory Committee of five physicians nominated by the Prince Edward Island Medical Society and appointed by the Commission. The Medical Advisory Committee meets on an "as-required basis" and plays an important role in the smooth administration of the Plan.

COMMISSION MEETINGS:

The Health Services Commission held twelve regular meetings and one special meeting during the year. Attendance at these meetings is extremely

good and the Commissioners exhibit a thorough interest in the affairs of the Commission and make a valuable contribution to the health delivery system.

Joint Meeting with the Medical Society:

In March of 1982 the Commission established a precedent by meeting jointly with the Executive of the Prince Edward Island Medical Society. The meeting was initiated in the hope that such meetings would result in a better level of communication between the Society and the Commission. It is the intent to hold these meetings semi-annually with alternating hosts.

Joint Profession-Government Committee for Monitoring of Selective Opted-Out Services:

The Committee held one meeting during this fiscal period. The Committee is made up of seven members appointed as follows:

(a) two persons appointed by the Medical Society;

(b) two persons appointed by the Commission;

(c) two persons appointed by Government, and

(d) the Chairman selected by the above six appointees from a list of four persons — two proposed by the Medical Society and two proposed by Government.

The Committee was formed effective '80-04-01.

Use of the selectively opting-out provision in the agreement between the Commission and the Medical Society has been minimal. For the period '81-04-01 to '82-03-31 only $107.05 was claimed and this amount was billed by four different physicians.

Fee Schedule Negotiations:

Negotiations for a new Fee Schedule began in September 1981 for FY '82/83. Eight (8) joint meetings were held with the Society. Negotiations were not concluded by March 31, 1982 and the resulting agreement became effective '82-06-01.

Services Insured:

Physicians' services insured under the Plan are set out in the Regulations of the Health Services Payment Act. These include:

- visits in the office, hospital or home
- care and treatment before, during and after operations, including anaesthesia
- complete maternity care
- eye examinations performed by a physician
- specified surgical/dental procedures medically required to be performed in a hospital

Services Not Insured:

As of '81-03-01 non-insured services included:

- examinations not necessitated by illness or at the request of a third party; e.g. employment medical, pre-school medical, etc.
- the services of optometrists, chiropractors, podiatrists, osteopaths, physiotherapists, nurses or other para-medical personnel
- plastic or other surgery for cosmetic purposes
- advice given by a phsyician to a beneficiary by telephone
- eye glasses, hearing aids, surgical appliances, wheel chairs, crutches, artificial limbs, etc.
- drugs and vaccines
- services available to a resident under legislation covering Workers' Compensation, Department of Veterans' Affairs, Royal Canadian Mounted Police and Canadian Armed Forces

Medical Claims Assessment:

Your attention is directed to the report of the Division of Claims and Assessment. This Division has three main sections which have separate and distinct functions and responsibilites:

(a) In-Province Claims Section
(b) Out-of-Province Claims Section
(c) Third Party Liability Section

Finance

Your attention is also directed to the report of the Division of Finance and the Auditors Report for the fiscal year ending '82-03-31.

Health Information System:

During the year considerable work and planning have gone into a proposal for a Computerized Health Information System. The management of the provincial health care system is a complex and demanding task requiring complete, accurate and timely information. In addition, direct service provision requires that the patient information be readily available to the providers of health services. Quality and availabilty of the required information has a direct impact upon the quality of management decisions and plans and on the quality and efficiency of service provision. The Health Information System is expected to be operational in 1984.

GENERAL:

I wish to express my thanks to the Health Services Commission for its consideration of the problems presented to it during the year. While I was not employed with the Commission for the full year I, nevertheless realize the great contribution made by the members of the Commission. I also wish to express my thanks and appreciation to the Divisional Directors and their staffs for their contribution to the smooth and efficient operation of the Plan.

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND
DIVISION OF CLAIMS AND ASSESSMENT
J. R. HOBBS, DIRECTOR

The Division of Claims and Assessment is comprised of 40 full time staff and 2 part time physicians (Medical Advisors) who are responsible for processing both physician and hospital claims through a system of clerks and assessment rules to ensure that claims submitted are for insured services and are medically necessary.

The folllowing represents three sections within the Division, which have separate and distinct functions and responsibilities:

A. **In-Province Claims Section**
Processes all claims (physician and hospital) that are incurred by insured residents within the Province of Prince Edward Island.

B. **Out-of-Province Claims Section**
Processes all Claims (physician and hospital) that are incurred by insured residents of Prince Edward Island in other Provinces of Canada or outside the country.

C. **Third Party Liability Section**
Responsible for the recovery of medical and hospital expenses paid out by the Commission when it has been ascertained that a third party was responsible for the expenses incurred. This Section also conducts field investigations pertaining to the eligibility status of residents and ex-residents of Prince Edward Island.

As a result of negotiations between the Health Services Commission and the Medical Society of Prince Edward Island covering the period 1980/81 and 1981/82, physicians were given the right to opt out and bill patients for selective services or a series of selective services. The selective opting out mechanism formed part of the two-year agreement and provided a monitoring mechanism to analyze and review the incidence of opting out and of charges being billed to patients. The Committee is comprised of representatives of the Medical Society, Health Services Commission and the public, and is known as Joint Profession-Government Committee for Monitoring of Selective Opted-Out Services.

The following represents the terms of reference as agreed during negotiations:

1. To review any specific written complaints regarding opting-out practices and charges for opted-out services, and to report and make recommendations thereon regarding these complaints to the Medical Society and to the Health Services Commission;

2. to analyze the incidence and pattern of opting-out and of charges for opted-out services and to report thereon to the Medical Society and to the Health Services Commission, with particular reference to:

   (i) whether the incidence of opting-out for insured services is adversely affecting access to insured services by insured persons;

   (ii) whether the level of charges by physicians in respect of opted-out services is adversely affecting access to insured services by insured persons;

   (iii) any other aspects of opting-out practices which the Committee concludes requires the attention of the Medical Society and/or the Health Services Commission.

The Committee met on several occasions during 1980/81 — 1981/82 and were pleased to note that not one single complaint had been received from patients, and the volume of billing patients during both years of the agreement was almost nil.

Within the Health Services Commission organization there exists a Medical Advisory Committee comprised of actively practicing physicians. Section 6(1) of the Regulations to the Health Services Payment Act provides the Medical Advisory Committee with the following functions:

(a) review and make recommendations on ail such claims submitted to the Commission as the Commission refers to it;

(b) advise and make recommendations to the Commission on all such matters affecting the effective and efficient administration of the Plan, the Act and the Regulations as the Commission may refer to it;

(c) review the facts relating to and make recommendations to the Commission concerning cases referred to it by the Commission involving a possible or alleged overservicing of a patient by a physician or an overutilization of basic health services by an entitled person;

(d) review the facts relating to and make recommendations to the Commission relating to the medical requirement of service provided by a phsyician in such cases as may be referred to it by the Commission;

(e) make recommendations to the Commission relating to the expanding or restricting of the Plan or basic health services;

(f) conduct or comment on any investigation or proposals relating to new, novel or unusual medical practices or procedures that have been suggested for inclusion under the Plan;

(g) make recommendations relating to the establishment, amendment and interpretation of the tariff: and

(h) such other matters as may be referred to it by the Commission from time to time.

In-Province Claims Section
S. C. Jay, Supervisor

The volume of claims submitted by fee-for-service physicians continues to grow each year, from a low beginning in 1971 of 354,000 physician claims to the most recent period April 1, 1981 to March 31, 1982, a volume of 572,159 physician claims.

The following table represents the volume of physician claims processed during the periods noted:

Period	Physician Claims	Average Claims per Month	% Increase
April 1/72 — March 31/73	373,010	31,084	
April 1/73 — March 31/74	401,013	33,417	7.5%
April 1/74 — March 31/75	464,665	38,722	15.8%
April 1/75 — March 31/76	488,877	40,739	5.2%
April 1/76 — March 31/77	516,972	43,081	5.7%
April 1/77 — March 31/78	530,529	44,210	2.6%
April 1/78 — March 31/79	547,127	45,593	3.1%
April 1/79 — March 31/80	562,550	46,879	2.8%
April 1/80 — March 31/81	568,251	47,354	1.0%
April 1/81 — March 31/82	572,159	47,679	.6%

On a random selection basis, the In-Province Claims Section continued with its audit program, in which patients are asked to respond to an audit letter confirming or denying whether a service was rendered as claimed by the physician.

The Medical Advisor to the Health Services Commission continued to work very closely with the Supervisor and Director of the Division in the review and assessment of the questionable or complicated physician claims. In addition, the Medical Advisory Committee, comprised of practicing physicians, also continued to review complicated claims, appeals by physicians and patterns of practice.

As of year end, all but 3 physicians had opted back into the Plan. Included in the above figures are 12,483 claims that were processed during the year on a pay-patient basis, thus requiring individual cheques to patients as opposed to monthly cheques to physicians.

Out-of-Province Claims Section
Miss Marion E. MacLeod, Supervisor

During the fiscal year April 1, 1981 to March 31, 1982, the Out-of-Province Claims Section processed a total of 2,639 applications for residents requiring out-of-province consultation or treatment.

A total of 13,068 medical claims were processed for services rendered by out-of-province physicians. The number of medical claims includes those

received for services rendered to Island students attending educational facilities outside of Prince Edward Island, as well as those on vacation, ex-residents awaiting coverage in their new province of residence, etc.

As mentioned in last year's Report, the Atlantic Provinces' common medical claim form was introduced in January, 1981. The form has proven to be extremely beneficial in assisting in the processing of out-of-province physician claims. Consideration is now being given to expanding the common medical claim form to all Provinces and Territories of Canada.

Third Party Recovery Section
W. H. Dixon, Supervisor

If a resident of Prince Edward Island receives medical services as a result of a wrongful act or omission of a third party, an attempt is made to recover those payments as required under the Health Services Payment Act.

During the period April 1, 1981, to March 31, 1982, a total of 1,013 files were opened requiring investigation to determine if a third party liability existed.

During this period it was determined that 688 did not involve a third party, i.e. single car accident, injured parties responsible for accidents, etc., and 39 cases were non-vehicular in nature, such as recreational, etc; 215 files were closed as payment was obtained, with 9 files determined as Workers' Compensation responsibility. At year end 62 files remained open and pending.

A total of $16,511.98 was recovered during the period April 1, 1981, to March 31, 1982, and does not represent services other than medical services.

The Third Party Recovery Section is also responsible for all field investigations regarding eligibility status of Prince Edward Island residents, and such investigations are conducted in conjunction with investigation of motor vehicle accidents.

Under the auspices of the Council of Maritime Premiers, discussions are underway with the Insurance Bureau of Canada to determine, if, rather than investigating and settling on a claim-by-claim basis, some other form of recovery may be possible. It is anticipated that there will be further development in this area.

DIVISION OF FINANCE
DAVID MACCORMAC — DIRECTOR

The Financial Statements indicate the In-Province cost for Medical Claims increased this year by 12% and Out-of-Province costs increased 39.7%.

Paid claims during 1981-82 were 566,506 and exceeded 1980-81 by 11,665. Total payments for 1981-82 were $11,284,503, an increase of $1,197,674 or 12% over 1980-81.

Cost of Radiologist's services were transferred from a salaried basis under the Hospital Services Commission to a Fee-For-Service basis under the Health Services Commission. The amount of these services was $398,563.

SCHEDULE I

CLAIMS INCURRED — FEE FOR SERVICE

Year 1981-82 Month of Service	In-Province Amount	Out-of-Province Amount
1981 — April	$ 988,700	$ 78,700
May	985,300	85,200
June	1,024,300	79,800
July	908,000	73,400
August	876,200	53,000
September	955,800	76,700
October	989,300	69,600
November	1,002,300	78,800
December	943,000	63,300
1982 — January	887,000	78,400
February	935,500	81,800
March	1,026,300	87,900
	$11,521,700	$906,600

CLAIMS PAID — FEE FOR SERVICE

SCHEDULE II

Year 1981-82 Month of Payment	IN-PROVINCE No. Claims	Amount	Cost Per Claim	OUT-OF-PROVINCE No. Claims	Amount	Cost Per Claim
1981 — April	52,253	$ 952,735	$18.23	720	$ 49,042	$ 68.11
May	46,825	902,193	19.27	1,162	71,305	61.36
June	50,499	957,664	18.96	1,185	105,531	89.06
July	48,889	980,925	20.06	371	18,741	50.51
August	44,453	904,276	20.34	410	49,113	119.79
September	43,265	892,216	20.62	2,922	122,491	41.92
October	48,722	969,350	19.90	1,213	75,911	62.58
November	49,947	1,010,894	20.24	1,188	69,677	58.65
December	48,520	974,992	20.09	1,064	65,760	61.80
1982 — January	48,486	954,899	19.69	1,117	67,653	60.57
February	42,662	904,679	21.21	1,002	81,431	81.27
March	41,985	879,680	20.95	1,734	100,007	57.67
TOTAL	566,506	$11,284,503	$19.92	14,088	$876,662	$ 62.23

SCHEDULE III

FEE FOR SERVICE PAYMENTS
1981-82

Payment	Specialists	General Practice	Total
$320-$330	1	0	1
$170-$180	2	0	2
$160-$170	1	0	1
$150-$160	1	2	3
$140-$150	3	3	6
$130-$140	5	3	8
$120-$130	6	2	8
$110-$120	6	4	10
$100-$110	5	7	12
$ 90-$100	6	8	14
$ 80-$ 90	6	10	16
$ 70-$ 80	0	10	10
$ 60-$ 70	3	6	9
$ 50-$ 60	0	7	7
$ 40-$ 50	2	0	2
$ 30-$ 40	2	3	5
$ 20-$ 30	2	1	3
TOTAL	51	66	117

NOTE: Included in this Table are only those Physicians who were paid $20,000 or over by the Plan and all Physicians but one (1) of the above were known to be in full-time practice during the fiscal year 1981-82.

Designated as Specialists are those included in the list of Specialists at the Medical Council; and others known to confine their practice to a particular specialty.

AUDITOR'S REPORT

To the Commissioners of the Health Services Commission

I have examined the balance sheet of the Health Services Commission of Prince Edward Island as at March 31, 1982 and the statement of financial activities for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission at March 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a bais consistent with that of the preceding year.

T. Kaptein, C.A.
Auditor General

Charlottetown, Prince Edward Island
July 8, 1982

STATEMENT 1

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND
BALANCE SHEET
MARCH 31, 1982
(with comparative figures at March 31, 1981)

	1982	1981
ASSETS		
Current Assets		
Account Receivable		
— Province of Prince Edward Island — Note 1(b)	$1,915,461	$2,129,864
— Hospital Services Commission	24,073	—
FIXED ASSETS		
Office furnishings and equipment — Note 1(a) ...	1	1
	$1,939,535	$2,129,865
LIABILITIES		
Current Liabilities		
Bank overdraft	$ 201,407	$ 646,703
Accounts Payable		
— Medical claims outstanding - Note 1(c)	1,729,500	1,440,000
— Hospital Services Commission		28,008
— Other	8,628	15,154
	$1,939,535	$2,129,865

(Notes 1 and 2 are an integral part of these financial statements)

STATEMENT 2

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31, 1982
(with comparative figures for the year ended March 31, 1981)

	1982	1981
Revenue		
Provincial Appropriation	$13,563,965	$11,597,302
Third party recoveries	27,552	25,829
	13,591,517	11,623,131
Expenses		
Medical Claims — Province of Prince Edward Island	11,521,650	10,275,408
— Other Provinces	906,673	649,138
Radiology Services — Note 2	398,563	—
Physicians employed by the Province of Prince Edward Island	26,752	22,850
Consultants' fees	26,516	13,684
Equipment rental	6,510	4,278
Salaries	624,687	560,173
General Administration	80,166	97,600
	13,591,517	11,623,131
Net result for the year	$ —	$ —

(Notes 1 and 2 are an integral part of these financial statements)

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1982

1. Summary of significant accounting policies:
   a) Depreciation —

      Fixed assets are recorded at a nominal value of one dollar; therefore, no depreciation is charged.

   b) The account receivable from the Province of Prince Edward Island is directly related to the accounts payable for medical claims and the bank overdraft. As the liability is realized the Province transfers the necessary funds for payment.

   c) Claims outstanding are determined on the basis of actual payments after the March 31 year and on prior years' experience.

2. In previous years payments to physicians for radiology services were made on a salary basis through the Hospital Services Commission. On April 1, 1981 the system was changed to a Fee For Service basis with the radiologists being paid through the Health Services Commission.